

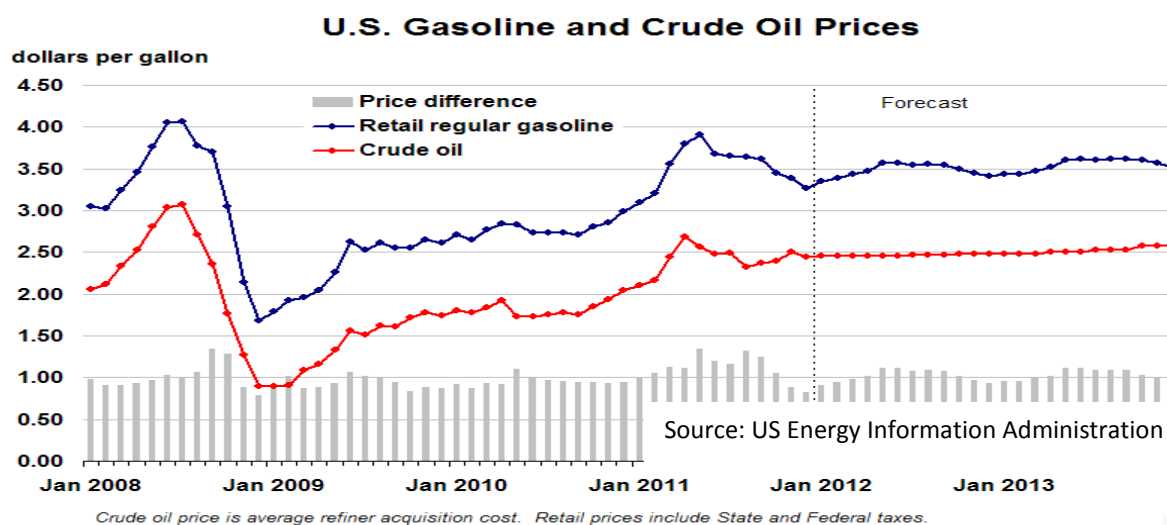
Q&A: North Carolina Motor Fuels Taxes

January 2012

Motor Fuel Taxes Nationally

What factors are responsible for higher motor fuel taxes?

According to the US Energy Information Administration (EIA), the price of crude oil is “the main contributor to the large changes in gasoline prices the U.S. has experienced in recent years.” Crude oil accounts for 68% of the price of gas at the pump. The price of crude oil is greatly affected by supply and demand. Since 2008, fluctuations in the price of crude oil can be attributed to political events in the Middle East and North Africa, as well as fluctuations in consumption and the world economy. As shown in the chart below, EIA forecasts crude oil prices to remain steady through 2013 while the price of gasoline mildly fluctuates.



Source: Short-Term Energy Outlook, January 2012



NC Motor Fuel Tax Basics

What is North Carolina's current motor fuel tax rate?

From January 1, 2012 through June 30, 2012, the rate is 38.9 cents per gallon, an increase of 3.9 cents per gallon over the previous six-month period.

How much revenue does the motor fuel tax generate?

The 2011 budget estimated that the motor fuel tax will generate \$1.89 billion in FY 2011-12 and \$2.02 billion in FY 2012-13. Each penny of the tax generates approximately \$50 million per year.

How is the motor fuel tax rate calculated?

The motor fuel tax rate has two components:

- A flat rate of 17.5 cents per gallon, plus